



Maldives energy storage for electric vehicles

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A small archipelago nation with pristine white-sand beaches and crystal-clear waters, the Maldives draws in thousands of tourists every year. But there is trouble in paradise: the low-lying country faces an existential threat from climate impacts, and relies heavily on imported diesel fuel for electricity generation.

This dual threat is exposing communities and the economy to serious risk from climate-related disasters and shocks. The highest point in the country is just over 5 meters above sea level, and the Maldives' GDP contracted 13% in 2020 following the COVID-19 pandemic and skyrocketing global crude oil prices.

Projected to lose 80% of its land over the next few decades, the Maldives has recognized an urgent need to chart a new course. The country has set an exceptionally ambitious target of reaching net-zero by 2030, embarking on a historic transition to clean energy.

To achieve this, the Maldives harnessed the power of CIF's programmatic approach: developing country-led, strategic investment plans, in close collaboration with the multilateral development banks (MDBs) - in this case the Asian Development Bank and the World Bank - backed by scaled-up, predictable and flexible resources.

A joint investment of over \$300 million is helping the Maldives develop solar power facilities, increase renewable energy capacity, and remove barriers to private investment and further development.

The partnership is bearing fruit. It has already given way to infrastructure projects like a sprawling three-kilometer solar facility which greets visitors as they touch down near Malé, Maldives' capital city. It is the largest solar farm in the country, generating five megawatts (MW) of clean energy and helping expand a market once considered unrealistic in a small island developing state.

"I feel so proud to be in this project," said Saajidha Mufeed, a logistics manager at the plant. Situated right next to the busiest airport in the country, the plant could "draw attention and eventually even create more awareness on the importance of going solar," she added. "I hope that we as a nation can achieve a more sustainable and a carbon-neutral community."

The Maldives is well on its way to achieving this goal with the help of a CIF-and-World Bank-supported platform called the Sustainable Renewables Risk Mitigation Initiative (SRMI). SRMI deploys tools such as currency convertibility clauses, escrow accounts, and guarantees to promote investor confidence and reduce risks in a country where the clean energy market is still maturing.

These measures have laid a solid foundation for the Maldives to become an attractive destination for



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renewable energy investments. When the government proposed a 21 MW solar project recently, 61 global investors expressed interest. In 2014, just four financiers had submitted bids when the government floated a similar proposal. The country's clean energy transformation is taking flight.

This success can be credited to a robust risk mitigation package that includes guarantees from the World Bank Group, payment security measures, and a currency convertibility clause. These measures instill confidence in investors and safeguard their investments.

Better yet, the same 11-megawatt solar project, backed by private investments and supporting six population centers, is serving as a catalyst for advancements in solar and storage technologies. Offshore wind, tidal energy, hydrogen fuel cells, and electric vehicles are now viable options for the Maldives.

The Maldives' net-zero journey is not over yet, but making tremendous progress: the programmatic approach set the Maldives on a sustainable path. Already a leader in tourism, the country is now rapidly transforming into a renewable energy powerhouse as well. And the region is taking note, with the Seychelles and Mauritius planning to replicate the successful model.

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